

GAO

United States General Accounting Office

Report to Congressional Requesters

AD-A280 866



February 1990

AUTOMATED SYSTEMS

Legislative Branch's Efforts in Sharing Payroll/Personnel Systems

94-19996



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Information Management and
Technology Division

B-233732

February 20, 1990

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The Honorable Jamie L. Whitten
Chairman, Committee on Appropriations
House of Representatives

The Honorable Robert C. Byrd
Chairman, Committee on Appropriations
United States Senate

The House report accompanying the 1989 Legislative Branch Appropriations Bill, and the related Senate report, directed us to serve as the lead agency in helping the legislative branch improve its administrative systems by sharing technology resources from other agencies. On May 23, 1989, we issued a report¹ on the opportunity for the Architect of the Capitol, Library of Congress, and Government Printing Office to obtain payroll and personnel system support from other agencies rather than developing and maintaining their own individual systems. This report addresses their efforts to obtain that support.

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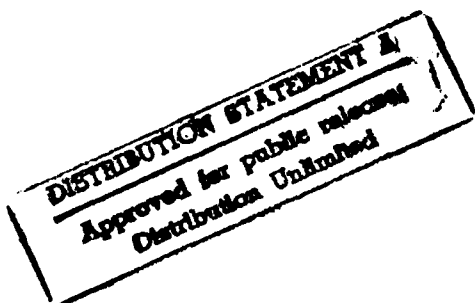
The Library is converting its payroll/personnel system to that of the Department of Agriculture's National Finance Center (NFC), and expects to be fully converted by July 1, 1990². The Architect and the Acting Public Printer established task forces to study ways to improve their systems. In response to this report, the Architect and the Acting Public Printer established April 15 and March 15, 1990 as respective target dates for deciding how to improve their payroll/personnel systems.

Background

Improving financial systems in the federal government is a top priority of both the Secretary of the Treasury and the Director of the Office of Management and Budget. Additionally, the Comptroller General of the United States has called for a government wide effort in building a more modern and effective federal financial management structure by replacing old computer systems with more modern technology. The Office of

¹ Automated Systems: Legislative Branch Opportunity for Sharing Payroll/Personnel Systems (GAO/IMTEC 89-23, May 23, 1989).

² The Library's planned conversion also includes the Office of Technology Assessment, the Congressional Budget Office, the Copyright Royalty Tribunal, and the John C. Stennis Center.



Management and Budget has recommended cross-servicing arrangements³ between different government agencies as a means to achieve this goal. Cross-servicing has been most effective in improving payroll and personnel systems.

The Congress supports improving financial systems by sharing technology resources. We were directed in both the House and Senate reports accompanying the 1989 Legislative Branch Appropriations Bill to identify appropriate opportunities of technology sharing on behalf of the legislative support agencies.

In May 1989, we reported that the Architect, the Library, and the Printer could obtain payroll and personnel system support from other agencies rather than develop and maintain their individual systems. In that report we

- found that the Architect, the Library, and the Printer had problems with their systems,
- recommended NFC as the best of the six available executive branch agencies' systems,
- noted the issues that the Architect, the Library, and the Printer expressed as most important to resolve before obtaining payroll and personnel support from another agency, and
- noted that the Library had established a task force to obtain such support from NFC.

The Architect and the Printer also established task forces to study the feasibility of obtaining payroll and personnel support from other agencies.

Library of Congress' Efforts to Improve Payroll/Personnel System

Since our last report, the Library has developed and followed a plan to use the NFC's payroll/personnel system by July 1, 1990. The Library's senior management has acted to ensure this plan's success. For example, in August 1989, the Associate Librarian for Management appointed a project leader to chair the task force responsible for converting to NFC's system. The project leader is a full-time manager who ensures that the task force reaches its planned milestones. Additionally, the project leader has been supported by the Librarian with the necessary resources.

³This involves one agency with a proven system providing services to another agency for a fee.

The Library has two main issues to resolve before converting to NFC's payroll/personnel system: (1) making disbursements for the Botanic Garden, and (2) an updated estimate of costs and benefits. The Architect oversees the Botanic Garden and is responsible for providing payroll services such as computing payments to its employees. But under a 1922 law,⁴ the Library disburses these payments. Once the conversion is complete, it would not be cost-effective to have a separate disbursing system solely for the Botanic Garden. Therefore, the Library plans to ask Congress to give the Treasury Department this disbursing authority. This authority would be exercised under the direction of the Architect of the Capitol. The project leader believes Congress will approve this change before the Library's conversion to NFC's system on July 1, 1990.

The second issue concerns the Library updating its estimate of the costs and benefits of obtaining NFC support. Before entering formal negotiations with NFC, the Library's task force estimated savings of \$782,000 to \$1.3 million over 5 years. Although the project leader believes the savings will still fall within this range, an updated estimate is being prepared and will be completed by March 30, 1990.

Architect of the Capitol's Efforts to Improve Payroll/Personnel System

The Architect established a task force in October 1988 to study the feasibility of obtaining payroll and personnel support from NFC or another host agency. This task force is evaluating two alternatives to improve the efficiency and quality of its payroll and personnel systems.

The alternatives are (1) contracting with the independent consulting firm of Touche Ross & Co. to redesign and integrate the Architect's existing payroll and personnel systems into a single system, and (2) obtaining NFC support.

As reported in May 1989, Touche Ross & Co. estimated in October 1987 that a redesign of the Architect's payroll system would cost \$750,000. The Architect's fiscal year 1989 request asked Congress to fund this system redesign. The House Appropriations Committee denied the Architect's request and suggested that the Architect consider system-sharing rather than trying to develop and maintain new and unique systems.

Since our report in May 1989, Touche Ross & Co. has revised its estimate upwards from \$750,000 to \$1.1 million. But this estimate only includes

⁴Act of June 29, 1922, Chapter 251, 42 Stat. 715,716.

development. In November 1989, the task force estimated that over 5 years the additional cost to process and maintain this proposed payroll and personnel system would be about \$1 million per year. Consequently, the projected 5 year system life cycle cost would be at least \$6.1 million.

On September 28, 1989, task force representatives met with NFC officials to better understand what support NFC could offer. In a November 7, 1989, progress report to the Architect, the chairperson recommended that the task force obtain additional information, such as estimated conversion and recurring costs, from NFC before completing its evaluation of the two alternatives. The Architect agreed and directed the task force to obtain additional information from NFC. In responding to a draft of this report, the Architect established April 15, 1990, as the target date for selecting an alternative.

Government Printing Office's Efforts to Improve Payroll/ Personnel System

The Printing Office has been evaluating alternatives for improving its payroll system for over 5 years. In July 1986, a task force identified four alternatives: (1) obtain a system from another agency, (2) purchase a commercial package, (3) have a contractor develop a new system, and (4) develop one in-house.

In commenting on our previous report, the Acting Public Printer said he was calling for the establishment of a new task force, which was eventually formed in August 1989. To comply with directions from the House Appropriations Committee and our May 1989 report, the task force added a fifth alternative: to obtain payroll and personnel support from NFC.

The task force presented a preliminary study to the Acting Public Printer on November 16, 1989. The study generally outlined the benefits and drawbacks of the alternatives but gave no detailed cost and estimated savings. It reduced the alternatives to two basic methods of processing payroll: (1) contracting with NFC or (2) running the payroll internally with software obtained from one of several sources.

The task force suggested that the Acting Public Printer choose between these divergent methods before it pursues either method further. However, the Acting Public Printer directed the task force to evaluate both alternatives. In responding to a draft of this report, the Acting Public Printer established March 15, 1990, as a target date for selecting an alternative.

Conclusion

The Library of Congress is well on its way to improving its payroll and personnel systems; however, the Architect and the Acting Public Printer are behind the Library in achieving this goal. We believe the Library's success is due to: (1) the support given by Library's senior management to the payroll/personnel task force, (2) establishing measurable milestones and developing a plan to achieve these milestones and, (3) the individual efforts of the members on the Library's task force. Although the Architect and the Acting Public Printer have made some progress over the past few months, they have not yet completed cost/benefit studies of alternative solutions so that an appropriate one can be selected for improving their respective payroll/personnel systems.

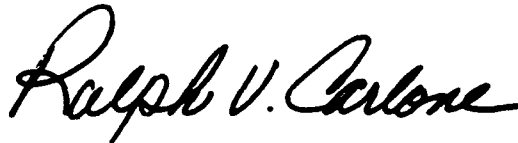
Agency Comments and Our Evaluation

We obtained written comments on a draft of this report from the Library, Architect, and Printing Office. The full text of the comments provided by the three agencies are in appendixes II, III, and IV. The Architect responded to our report by establishing April 15, 1990, as the target date for making a final determination concerning payroll/personnel services (see appendix III). The Acting Public Printer responded by requiring the task force to prepare a cost/benefit study of the various alternatives in order for him to make a decision by March 15, 1990 (see appendix IV).

Our review was conducted primarily from July 1989 through November 1989. Our work was performed in accordance with generally accepted government auditing standards. (See appendix I for additional details concerning our objectives, scope, and methodology.)

As arranged with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days after its issue date. At that time, we will send copies to the Architect of the Capitol, Librarian of Congress, Acting Public Printer, and Director of Office of Management and Budget. We will also make copies available to other interested parties upon request. This report was prepared under

the direction of Samuel W. Bowlin, Director, Defense and Security Information Systems, who can be reached at (202) 275-4649. Other major contributors are listed in appendix V.

A handwritten signature in black ink, reading "Ralph V. Carlone". The signature is written in a cursive, flowing style with a large initial "R".

Ralph V. Carlone
Assistant Comptroller General

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Abbreviations

GAO	General Accounting Office
IMTEC	Information Management Technology Division
NFC	National Finance Center

Objectives, Scope, and Methodology

House Report 100-621, Legislative Branch Appropriations Bill, 1989 (concurrent with the related Senate Report 100-382), directed us to evaluate the feasibility for legislative branch agencies to obtain administrative system support from other agencies. In response to subsequent discussions with the Chairman's office, House Committee on Appropriations, our specific objective was to determine the efforts made by the Architect, the Library, and the Acting Public Printer to obtain payroll and personnel support from other agencies.

To do so, we (1) obtained and reviewed Architect, Library, and Printing Office documents concerning their evaluations of obtaining payroll and personnel support of other agencies, and (2) interviewed responsible officials to determine current agency plans for obtaining such support.

Our review was conducted at the offices of the Architect, Library, and Acting Public Printer in Washington, D.C. In addition we interviewed payroll, personnel, and system managers at Agriculture's NFC in New Orleans, Louisiana. Our review was primarily conducted from July through November 1989.

Our work was performed in accordance with generally accepted government auditing standards. Official written comments on a draft of this report were obtained from the Architect, Library, and Printing Office and have been incorporated where appropriate. (The agencies' comments are included in their entirety in appendixes II, III, and IV.)

Comments From the Library of Congress



THE LIBRARY OF CONGRESS

WASHINGTON, D.C. 20540

ASSOCIATE LIBRARIAN FOR MANAGEMENT

January 24, 1990

Dear Mr. Carlone:

I concur with the statements regarding the conversion progress for the Library of Congress, Office of Technology Assessment, Congressional Budget Office, Copyright Royalty Tribunal and John C. Stennis Center, as stated in the draft report entitled "AUTOMATED SYSTEMS: Legislative Branch's Efforts in Sharing Payroll/Personnel Systems" (B233732).

The Library task force estimate of savings prepared in late summer of 1988 needs to be revised. We now anticipate greater savings, but these savings are in cost avoidance rather than actual cost cuts. We will provide an up-to-date estimate by March 30, 1990.

Sincerely,

A handwritten signature in cursive script that reads "Rhoda W. Canter".

Rhoda W. Canter
Associate Librarian
for Management

The Honorable
Ralph V. Carlone
Assistant Comptroller General
General Accounting Office
Washington, D.C. 20548

Comments From the Architect of the Capitol



Washington, DC 20515

January 18, 1990

Mr. Ralph V. Carlone
Assistant Comptroller General
U.S. General Accounting Office
Information Management and Technology Division
Washington, D.C. 20548

Dear Mr. Carlone:

The opportunity to review and comment on your draft report of December 22, 1989, AUTOMATED SYSTEMS: Legislative Branch's Efforts in Sharing Payroll/Personnel Systems, is appreciated. The draft report is, of course, a follow-up to your May 23, 1989 report and addresses the accomplishments regarding payroll/personnel systems support for the Office of the Architect of the Capitol from that date to November 7, 1989.

We thought it appropriate to make you aware of our progress since November 7th. In that regard, I wrote to the Honorable John J. Franke, Jr., Assistant Secretary for Administration, Department of Agriculture, on November 8, 1989, expressing the desire of this Office to further explore and discuss the payroll and personnel programs and services of the National Finance Center, the cost associated therewith, and issues considered to be of concern regarding their system capabilities in providing for the "unique" needs of this office. We further expressed the opinion that in most instances the NFC could support our needs and at acceptable and reasonable costs and we requested consideration for future negotiation with their staff. The Assistant Secretary's response to my letter was received on December 19, and it was indicated that NFC would continue to work with my staff and at the conclusion of their efforts this office will be in a position to enter into a formal Memorandum of Agreement.

Appendix III
Comments From the Architect of the Capitol

As suggested by the Assistant Secretary, my staff contacted Mr. Larry Wilson, Director, Office of Finance and Management, and requested that a time be scheduled for a return visit to the New Orleans facility. We were referred to Mr. Bill Kahrs at the NFC who provided us with four open dates; two weeks in March and two weeks in April. We chose the earliest possible dates of March 5, 6 and 7, 1990.

At the conclusion of the three day visit we will make a final determination concerning our future payroll/personnel services. Our target date for a final determination is April 15, 1990.

Please be assured that my office has more than a passing interest in concluding this matter at the earliest possible date. We shall, of course, continue to keep you apprised of our progress concerning future payroll/personnel decisions.

Cordially,



George M. White, FAIA
Architect of the Capitol

Comments From the Government Printing Office



United States Government Printing Office
Washington, DC 20401

OFFICE OF THE PUBLIC PRINTER

January 11, 1990

Mr. Ralph V. Carlone
Assistant Comptroller General
General Accounting Office
441 G Street NW.
Washington, DC 20548

Dear Mr. Carlone:

Thank you for the opportunity to review and comment on your draft audit report, AUTOMATED SYSTEMS: Legislative Branch's Efforts in Sharing Payroll/Personnel Systems.

In response to the General Accounting Office (GAO) report issued in May 1989 on the same subject, I established a task force to study the feasibility of implementing the National Finance Center (NFC) service recommended by GAO as well as other options. In September 1989, the task force visited the U.S. Department of Agriculture (USDA) in Washington, DC, for a demonstration of the NFC payroll/personnel system. The USDA staff was able to provide an overview of the existing system but was not prepared to address our specific questions at that time. They explained that our specific requirements and concerns would have to be resolved during negotiations between our representatives and the NFC staff in New Orleans.

The task force prepared an executive summary of the options available to GPO for updating our payroll processing. They concluded that there are only two viable alternatives: develop a new payroll system in-house, or utilize the services of an outside agency. Accordingly, I have directed the task force to study both options in more depth, develop a full cost benefit analysis, and present their findings for my consideration and decision no later than March 15, 1990.

If I can be of any further assistance, please contact me.

Sincerely,


JOSEPH E. JENIFER
Acting Public Printer



Major Contributors to This Report

Information
Management and
Technology Division,
Washington, D.C.

James R. Watts, Associate Director
Joseph T. McDermott, Assistant Director
Joseph A. DeBrosse, Evaluator